



**TUCSON  
METRO  
CHAMBER**

February 25, 2013

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2013 FEB 26 P 3:53

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Tucson, AZ 85702



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TucsonChamber.org

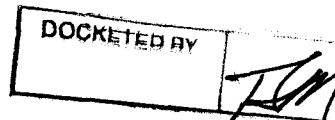
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Mr. Bob Stump  
Chairman  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, AZ 85007

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission  
**DOCKETED**

FEB 26 2013



Dear Mr. Chairman and Commissioners:

On behalf of the Tucson Metro Chamber, I am writing in support of the proposed settlement of Tucson Electric Power's most recent rate request. While no business relishes an increase in utility costs, our members recognize TEP's need to cover its rising service costs and appreciate the company's efforts to make this increase more palatable for local businesses.

Historically, small and medium sized businesses have paid higher utility rates than larger businesses and residential customers. This disparity reflects the reality of rate case strategy, where attorneys hired by industrial users and state-sponsored residential customer advocates work to shift increases away from their constituents and onto small businesses, which typically lack a say in the process.

TEP recognized the inequity of this disparity and has sought to reduce the subsidies that small and medium sized businesses are asked to pay for the benefit of other users. As a result, the proposed settlement agreement in this matter would mitigate the impact of higher electric rates on the local employers whose successes will make or break our community's ongoing recovery from a long, painful recession.

As difficult as the last four years were, we recognize that economic conditions would have been worse if TEP's rates had not been held stable through an extended rate freeze that prevented the company from passing along its rising costs. Now that conditions are improving, the time has come for the Arizona Corporation Commission to approve a reasonable rate increase that will allow TEP to maintain safe, reliable service in a way that supports our economic development efforts as well as our quality of life. The rates before you now would accomplish those goals while reducing a historic burden on small and medium sized businesses. On behalf of the Tucson Metro Chamber, which represents more than 1,350 businesses employing more than 105,000 people in the Tucson metropolitan area, I encourage you to approve the proposed settlement agreement.

Sincerely,

Michael V. Varney  
President and CEO  
Tucson Metro Chamber

cc: Commissioner Gary Pierce  
Commissioner Brenda Burns  
Commissioner Bob Burns  
Commissioner Susan Bitter Smith